Amendments to the Specification:

Please replace the paragraph bridging pages 3 and 4, with the following rewritten paragraph:

An object of the present invention is to propose a ~~completely~~ novel ~~method of gradation~~ display ~~which has been conventionally difficult~~ device having a thin film transistor formed over a substrate. According to the present invention, an ~~intermediate gradation display is carried out not by applying an analog signal as has been in a prior art, but by applying a digital signal, and by means of the duration of the application. For this purpose, an analog image signal is digitized through binary system calculation, and is stored in a memory device, and the data is retrieved, calculated, and is outputted to a display device (an electro-optical device), as required. As a result of this, an advanced gradation of no less than 16 gradations is achieved, which has been extremely difficult by the prior art of analog gradation display method~~ insulating film including an inorganic material is provided over the thin film transistor, and a leveling film including an organic resin is formed over the substrate and covers the thin film transistor. Further, a pixel electrode is formed on the leveling film and is connected to a semiconductor film of the thin film transistor through an opening provided in the leveling film, in which an edge of the leveling film at a periphery of the opening is rounded, and a surface of the pixel electrode is rounded along the rounded edge of the leveling film.

Please replace the paragraph at page 23, line 11, with the following rewritten paragraph:

An inter-layer insulating film 69 made of silicon oxide was formed by sputtering, in the manner described supra. The silicon oxide film can be formed by LPCVD, photo-CVD, or by atmospheric pressure CVD. The film was formed at a thickness of 0.2-0.6

micrometer, for example, and an opening 79 for electrode was formed using a fourth photomask ④. Aluminum was then sputtered over all of these at a thickness of 0.3 micrometer, and a lead 74 as well as a contact 73 were formed using a fifth photomask ⑤ as shown in Fig. 7(E) and Fig. 8(B) (plan view), and thereafter an organic resin 77 for flattening or a transparent polyimide resin, for example, was applied to the surface thereof, and an opening of an electrode was formed again by a sixth photomask ⑥. An ITO (indium tin oxide) was sputtered over all of these, at a thickness of 0.1 micrometer, and a picture element electrode (pixel electrode) 71 was formed using a seventh photomask ⑦. The ITO was formed at a temperature ranging from room temperature to 150 °C, and was then subjected to annealing process in oxygen or atmosphere at a temperature of 200-400 °C. Thus, the structure shown in Fig. 7(F) and Fig. 8(C) (plan view) was obtained. In Figs. 7(F) and 8(C), the thin film transistor is connected with the pixel electrode 71 so that a surface of the pixel electrode is rounded along the rounded edge of the organic resin film.

Please replace the paragraph bridging pages 30 and 31 with the following rewritten paragraph:

Referring to Fig. 9(E), a silicon oxide film was formed as an inter-layer insulator 113 by sputtering in the way described supra. The silicon oxide film can be formed by LPCVD, photo-CVD, or by atmospheric pressure CVD, at a thickness of 0.2-0.6 micrometer, for example, and an opening 117 for electrode was then formed by using a fourth photomask ④. Aluminum was further sputtered over the entire surface of these at a thickness of 0.3 micrometer, and, after a lead 116 and a contact 114 were manufactured by using a fifth photomask ⑤, an organic resin 119 for flattening, e.g. a transparent polyimide resin was applied to the surface thereof, and an opening for an electrode was formed by using a sixth photomask ⑥. An ITO (indium tin oxide) was sputtered on the entire surface of these at a thickness of 0.1 micrometer, and a picture

element electrode 118 was formed by using a seventh photomask ⑦ so that a surface of the picture element electrode is rounded along the rounded edge of the organic resin film. The ITO was formed at a temperature ranging from room temperature to 150 °C, and was then subjected to annealing process in atmosphere or in oxygen at a temperature of 200-400 °C.